THE EFFECT OF EARNING PER SHARE AND DEBT TO EQUITY RATIO ON STOCK PRICE WITH INDEPENDENT COMMISSIONERS AS MODERATION VARIABLE (STUDY ON INFRASTRUCTURES SECTOR COMPANIES LISTED ON THE IDX PERIOD 2018-2021)

Maria Monica Angela HALIM[1], David Paul Elia SAERANG[2], Claudia Wanda Melati KOROMPIS[3]

[1,2,3]Faculty Economics and Business, Sam Ratulangi University, Manado, Sulawesi Utara, Indonesia
Corresponding author: Maria Monica Angela Halim
E-mail: Mariamonica1041@gmail.com

Abstract:
The stock price is a reflection of the value of a company. The higher the stock price, the higher the value of the company. The company's share price is significant for various parties. The better the information provided by the company's management, the better the signals received by investors, resulting in the company's share price will increase in line with the Signaling Theory. This study aims to determine the effect of Earning Per Share and Debt to Equity Ratio on share prices with Independent Commissioners as moderation variables in infrastructure sector companies listed on the Indonesia Stock Exchange. The sample used was an infrastructure sector company listed on the Indonesia Stock Exchange for the 2018-2021 period that met the predetermined criteria, namely 47 samples. The data source used is quantitative data. The analysis techniques used include descriptive statistical analysis, outer models, inner models and hypothesis testing with the help of the SmartPLS 3.0 program. The results showed that Earnings per Share and Debt to equity ratio influenced stock prices, and independent commissioners did not moderate the effect of Earning Per Share and Debt to Equity Ratio on Stock Prices.

Keywords: Earning Per Share, Debt to Equity Ratio, Stock Price, Independent Commissioners.

INTRODUCTION

The stock price is a reflection of the value of a company. The higher the stock price of a company, the higher the value of the company. Stock prices fluctuate quickly, so they cannot be predicted with certainty. Investors need to analyze stock prices using financial ratios such as Earning Per share and Debt to Equity Ratio to minimize future losses. Earning Per Share is the profit generated from each share invested. The Debt to Equity ratio can be used to see how much the company's ability to pay off all of its obligations is with the company's capital. The better the information provided by the company's management, the better the signal received by investors, so the company's stock price will increase in line with the Signaling Theory.

Apart from Earning Per Share and Debt to Equity Ratio, Independent Commissioners are also suspected of indirectly influencing share prices. Independent commissioners are outsiders who have no relationship with company officials or shareholders. One of their responsibilities is to protect

minority shareholders from fraudulent practices, especially in the capital market. Independent commissioners in a company can make the company's performance better, which will have an impact on the company's stock price. Independent commissioners are expected to moderate the effect of earnings per share and debt-to-equity ratio on stock prices because of independent commissioners. In evaluating the performance of company management, it will be able to maximize the use of company debt to generate maximum profits so that it will increase earnings per share for investors and will allow the DER value to be low. However, the presence of an independent commissioner in a company can also add to the company's expenses, such as salaries and other expenses, which will have an impact on earnings per share for investors and allow the DER value to be high and will result in changes in the company's share price.

The company's share price can influence the Composite Stock Price Index (IHSG). Reported from DataIndonesia.id. The Composite Stock Price Index (IHSG) closed up 0.84% on Wednesday trading (3/8). During trading, the JCI moved from a low of 6,971.74 to a high of 7,046.64. The strengthening of the JCI was driven by increases in five sectoral indices, one of which was the infrastructure sector. The infrastructure sector closed with a 2.27% increase at the end of trading Wednesday (3/8). In recent years, the infrastructure sector has experienced a positive trend, one of which is because of the Indonesian president, Ir. Joko Widodo included infrastructure development as one of the leading programs because infrastructure development can be a driving force for a country's progress. With the existence of infrastructure development that is evenly distributed in underdeveloped areas, the price of goods or services can be reached by the community, which causes the economy of a region to be better, thus making infrastructure one of the sectors that are still needed today and making the infrastructure sector one of the sectors that are still needed quite promising for investors.

Previous research conducted by Dika and Pasaribu (2020) stated that EPS significantly affects stock prices. However, DER has no significant effect on stock prices. Sendangan Sanjaya (2018) states that EPS and DER have no significant effect on stock prices. Furthermore, Mamahit, Rate, dan Untu (2021) states that DER affects stock prices. Based on differences from the results of previous studies, researchers are interested in conducting research with the research title "Effect of Earning Per Share (EPS) and Debt To Equity Ratio (DER) on Stock Prices with Independent Commissioners as Moderating Variables (Case Study in Infrastructure Sector Companies Listed on IDX Period 2018-2021).

METHODS

This research was conducted on infrastructure sector companies during the 2018-2021 period using data obtained through the IDX website : www.idx.co.id. The population in this study is companies registered in the infrastructure sector, with a total of 61 companies. The determination of the number of samples in this study was obtained by the slovin formula, namely at least 53 companies with criteria: the availability of financial statements for the 2018-2021 period. After collecting data, researchers found that the sample that met the criteria set out in this study was only 47 because several companies had just IPO started in 2019 and also because there were companies that had yet to publish financial statements in 2020-2021. However, after a normality test was carried out through the SmartPLS 3.0 program, the data obtained from the sample was found to be normally distributed, so the study continued. The type of data in this study is quantitative data, which is processed using SmartPLS 3.0 with data analysis methods, including Descriptive Statistical Analysis, Measurement Model Evaluation, Structural Model Evaluation, and Hypothesis Testing.

RESULT AND DISCUSSION

The descriptive statistical analysis describes the data used in this study and is not related to hypothesis testing. The samples analyzed were 47 samples with a total of 188 research data. The descriptive statistical table can be seen in the following table :

Table 1. Descriptive Statistic Test Result

Variable	Mean	Median	Min	Max	Standard Deviation
X1	1.047	1.191	-1.764	3.101	0.952
X2	0.366	0.305	0	2.57	0.328
Y	2.724	2.732	1.699	4.19	0.599
Z	0.584	0.519	0.23	0.875	0.119

Source: Data Processed SmartPLS 3.0. 2022

Based on the table of research results above, it can be known the minimum, maximum, average and standard deviation values of each variable as follows :

1. The average value of the Earning Per Share (X1) is 1.047, the lowest value is -1.764, and the highest value is 3.101, with a standard deviation of 0.952.
2. The average value of the Debt to Equity Ratio (X2) is 0.366, the lowest value is 0, and the highest value is 2.57, with a standard deviation of 0.328.
3. The average value of the Stock Price (Y) is 2.724, the lowest value is 1.699, and the highest value is 4.19, with a standard deviation of 0.599.
4. The Independent Commissioners (Z) average is 0.584, the lowest value is 0.23, and the highest value is 0.875, with a standard deviation of 0.119.

Table 2. T-Statistic and P-Value

	Original Sample (O)	T Statistics (|O/STDEV|)	P Values
Debt to Equity Ratio -> Harga Saham	0.295	3.899	0.000
Earning Per Share -> Harga Saham	0.624	10.961	0.000
Komisaris Independen -> Harga Saham	0.010	0.177	0.860
Moderasi KI - DER -> Harga Saham	-0.092	1.162	0.246
Moderasi KI - EPS -> Harga Saham	0.053	0.941	0.347

Source: Data Processed SmartPLS 3.0. 2022

The results show that the significance value formed on Earning Per Share is less than $\alpha = 0.05$, namely 0.000 and T-Statistic 10.961 > t-Table 1.96, which means that Earning Per Share has a significant positive effect on stock prices. It means that the company can predict the ups and downs of its share price from the Earning Per Share value given to shareholders. The results of this study are by the signal theory, where an increase in Earning Per Share can provide a positive signal to shareholders.

This study's results align with research conducted by Dika and Pasaribu (2020) that EPS affects stock prices. The value of EPS (Earning Per Share) is good news. Potential investors will be more interested in investing in companies with relatively higher EPS (Earning Per Share) values. However, the results of this study contradict research conducted by Sanjaya (2018) which states that EPS has no significant effect on stock prices.

The result showed that the significance value formed on the Debt to Equity Ratio was smaller than $\alpha = 0.05$, namely 0.000 and T-Statistic 3.899> t-Table 1.96, which means that the Debt to Equity Ratio has a significant negative effect on stock prices. It means that the company can predict the rise and fall of stock prices from the level of the debt to Equity Ratio. It is in line with the signal theory, where a decrease in the value of the Debt to Equity Ratio can give a positive signal to shareholders.

This study's results align with research conducted by Mamahit et al. (2021), which states that DER affects stock prices. Where a better debt-to-equity ratio will increase the stock price, good debt-to-equity will positively impact stock prices. However, the results of this study contradict the results of Dika and Pasaribu's research (2020), which state that DER has no significant effect on stock prices.

The results showed a p-value of 0.347 > 0.05 and a t-statistic of 0.941 < 1.96 for the moderation of Earnings Per Share against the stock price and a p-value of 0.246 > 0.05 and a t-statistic of 1,162 < 1.96 for the moderation of the Debt to Equity Ratio to the share price which means that the Independent Commissioner in a company does not strengthen or weaken the relationship between the Earning Per Share and the Debt to Equity Ratio to the share price of infrastructure sector companies listed on the Stock Exchange Indonesian. Independent Commissioners are not a solution for companies to increase investor interest in companies that will increase the company's share price. It can be caused the existence of an independent commissioner in a company cannot maximize the use of debt, and also the presence of an independent commissioner in a company will increase the company's expenses, such as salary expenses which have an impact on the company's net profit so that with the increase in the company's share price due to the increase in Earnings Per Share and the decrease in the value of the Debt to Equity Ratio, it is not made stronger by the existence of an independent commissioner in a company.

The results of this study are in line with research conducted by Putri and Iramani (2017), which states that more and more independent commissioners will burden the company because they have to incur costs, in this case paying salaries and other costs which will affect company performance and will ultimately have an impact on decreasing returns from the company. However, the results of this study contradict the research results of Syafaatul L (2014), stating that stock prices are influenced by Good Corporate Governance, namely Independent Commissioners, because Independent Commissioners can carry out more effective oversight of company managers, with more effective oversight the company's performance will increase and increase the share price.

CONCLUSION

Based on the result of data analysis and discussion in the previous chapter, it can be concluded from this as follows :

1. Earning Per share significantly affects the Stock Price of infrastructure sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period.
2. Debt to Equity Ratio significantly affects the Stock Price of Infrastructures sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period.

3. Independent Commissioners do not moderate the effect of Earning Per Share and Debt to Equity Ratio on the Stock Price of Infrastructures sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period.

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